

# GIFT CARDS AND GIFT CERTIFICATES

consumer *brief*

Many of us have received or given gift cards or gift certificates. According to Consumer Watch, the 2005 holiday season showed an increase in the popularity of gift cards - with sales estimated at \$18.5 billion.

What ensures that your gift certificate or gift card doesn't expire and become a worthless piece of paper or plastic? New Jersey has a [Gift Card Act](#) that covers not only gift cards but also gift certificates. The law is intended to end commercial practices that use hidden expiration dates to reduce the value of the gift card or gift certificate and add consumer protections.

## NEW JERSEY'S GIFT CARD ACT

### A SUMMARY OF KEY FEATURES:

- The Gift Card Act focuses on retailers that issue their own gift card or gift certificate and does not apply to bank-issued cards that have a specific predetermined amount on the card which is usable at a merchant or an ATM.
- No gift card or gift certificate can expire for 24 months after purchase.
- After 24 months, it is permissible for the retailer to charge a "dormancy fee," but it may not exceed \$2.00 per month.

The dormancy fee cannot be imposed within 24 months following the date of sale or within the 24 months immediately following the most recent activity in which the gift card or gift certificate was used.

- A gift certificate or gift card is valid until presented in exchange for merchandise. If there is an expiration date or dormancy fee, it must be disclosed to the purchaser at the time of purchase by legible written notice on the gift certificate. A telephone number must

be provided, which the consumer may call for additional information concerning any expiration date or dormancy fee.

### CONSUMERS CAN PROTECT THEMSELVES BY TAKING THESE ACTIONS:

- Read the fine print when purchasing gift cards or gift certificates.
- Not all gift cards or gift certificates can be used to buy merchandise online, so be sure to ask.
- Being a smart and savvy consumer is always the best protection of all, so it pays to know the law.



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